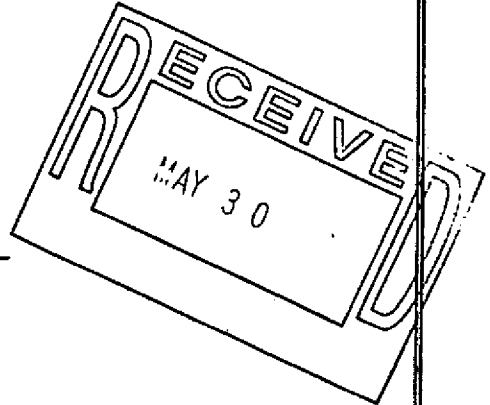


JCA

Received _____
Examined _____

CLASS D
WATER UTILITIES

U# _____



2005
ANNUAL REPORT
OF

Union Pacific Railroad Company,

KEENE Water System
(NAME UNDER WHICH CORPORATION, PARTNERSHIP, OR INDIVIDUAL IS DOING BUSINESS)

10031 Foothills Blvd., Suite 300

Roseville Ca 95747
(OFFICIAL MAILING ADDRESS) ZIP

TO THE
PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
FOR THE
YEAR ENDED DECEMBER 31, 2005

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2006
(FILE TWO COPIES IF THREE RECEIVED)

INSTRUCTIONS

1. One completed copy of this report (two copies if three received) must be filed NOT LATER THAN MARCH 31, following the year covered by the report, with:

**CALIFORNIA PUBLIC UTILITIES COMMISSION
WATER DIVISION
ATTENTION: KAYODE KAJOPAIYE
505 VAN NESS AVENUE, ROOM 3105
SAN FRANCISCO, CALIFORNIA 94102-3298**

2. Failure to file the report on time may subject a utility to the penalties and sanctions provided by the Public Utilities Code.
3. The Oath, on the last page, must be signed by an officer, partner or owner.
4. The report must be prepared in ink or by the use of a typewriter. Computer generated report forms may be substituted.
5. The report must be filled in, and every question answered. LEAVE NO SCHEDULE BLANK. Insert the words "none" or "not applicable" or "n/a" when appropriate.
6. Certain balance sheet and income statement accounts refer to supplemental schedules. The totals of the details in the latter must agree with the balances of the accounts to which they refer.
7. Some schedules provide for a "balance at beginning of year." The amount shown should agree with the "balance at end of year" as shown in the report for the previous year. If there is a difference it should be explained by footnote.
8. When there is insufficient space in a schedule to permit a complete statement of the requested information, insert sheets should be prepared and identified by the number of the schedule to which it refers. Be certain that the inserts are securely attached to the report.
9. This report must cover a calendar year, from January 1 through December 31. Fiscal year reports will not be accepted.

Footnotes

1. Residents in Upper Keene and Lower Keene are served through a master meter at each location. No revenues were received from residents in Upper Keene and Lower Keene during the calendar year.
2. The Keene Water System is part of Union Pacific Railroad Company. Union Pacific Railroad Company does not separately allocate certain expenses or items to the Keene Water System. The Keene Water System is not capitalized separately. Money management is performed as part of the Union Pacific Railroad company operations.
3. The rate base for the Keene Water System has not been determined by the Commission. It is under review in A.04-11-004.

Account Number	Operating Revenue		
470	Metered	13,798.	①
460	Unmetered	0	
465	Irrigation	0	
462-480	Private Fire Protection	0	
	Total Revenue	13,798.	①
	Operating Expenses		
610	Purchased Water	96,182	
615	Purchased Power	6,000	
	Pump Taxes	0	
	Purchased Chemicals	12,140	
618	Other Vol. Related exp.	0	
630	Employee Labor	88,690	
640	Materials	11,003	
650	Contract Work	0	
	Water Testing	658	
660	Transportation Expense	12,000	
664	Other Plant Maintenance	0	
670	Office Salaries	NONE	②
671	Management Salaries	NONE	②
674	Employee Pensions and Benefits	(Incl in labor)	
676	Uncollectables	15,914	
678	Office Service and Rentals	NONE	②
681	Office Supplies and Expense	NONE	②
682	Professional Services	NONE	②
684	Insurance	NONE	②
688	Regulatory Expense	4,787	
689	General Expense	NONE	②
	Subtotal	247,274	
403	Depreciation Expense	15,230	③
	Ad Valorem Taxes	NONE	②
	Payroll taxes	NONE	②
408	Taxes other than income	NONE	②
409	State Income Tax	NONE	②
410	Federal Income Tax	NONE	②
	Total Deductions	262,504	
	Net Revenue	(248,706)	
	Rate Base	609,226	③

	Average Plant	609,226	③
	Average Depreciation Reserve	121,844	③
	Net Plant	488,332	③
	Less: Advances	NOM	
	Less: Contributions	NOM	
	Plus: Construction Work in Progress	NOM	
	Plus: Working Cash	NOM	
	Plus: Material & Supplies	NOM	
	Rate Base	488,332	③
	ROR=Net Rev/Rate Base	(Loss - 51%)	

CLASS D WATER UTILITIES
(HAVING LESS THAN 500 SERVICE CONNECTIONS)

Union Pacific Railroad Company, Keene Water System
(Name under which corporation, partnership or individual is doing business)

10031 Foothills Blvd. Suite 206, Roseville, CA. 95747
(Official mailing address)

Keene, California, Kern County
(Service area-town and county)

GENERAL INFORMATION

RETURN ORIGINAL
TO COMMISSION
NO PHOTOCOPIES

- 1 If a corporation show:
 (A) Date of organization _____ incorporated in the State of Delaware
 (B) Names, titles and addresses of principal officers: The Keene Water System is part of Union Pacific Railroad Company
- 2 If unincorporated give the name and address of owner or of each partner:
- 3 Name and telephone number of:
 (A) One person listed above to receive correspondence: A) Robert Bylsma: (916) 789-6222
 (B) Person responsible for operations and services: B) Bill Gafford: (661) 444-1834
- 4 Were any contracts or agreements in effect with any organization or person covering service, supervision and/or management of your business affairs during the year? (Yes or No)
 If so, what was the nature and the amount of each payment made under the agreement, to whom were payments made, and to what account was each payment charged?
- 5 State the names of associated companies or persons which, directly or indirectly, or through one or more intermediaries, control, or are controlled by, or are under common control with respondent: The Keene Water System is part of Union Pacific Railroad Company.

PUBLIC HEALTH STATUS

- 6 Has state or local health department inspection been made during the year?
- 7 Are routine laboratory tests of water being made?
- 8 Has state health department water supply permit been obtained? (Indicate date)
- 9 If no permit has been obtained, state whether application has been made and when.
- 10 Show expiration date if state permit is temporary.

Yes	No	Latest Date
	X	5/03
X		12/22/05
X		6/98
		N/A
		N/A

SPECIAL INSTRUCTIONS (over)

SPECIAL INSTRUCTIONS

- 1 Beginning of year balances must agree with end of year balances shown in report for previous year.
Attach a supplementary statement to explain any differences.
- 2 Attach a supplementary statement to explain adjustments in Schedule B - Water Plant in Service.
- 3 Complete all schedules, using the words "None" or "Not applicable" if appropriate.
- 4 Report must be prepared legibly in ink or by typewriter.

SELECTED FINANCIAL DATA - CLASS A, B, C AND D WATER COMPANIES
2005

NAME OF UTILITY Union Pacific Railroad Company, PHONE (916) 789-6222
Keene Water System

PERSON RESPONSIBLE FOR THIS REPORT Rich Robinson
(Prepared from Information in the 2005 Annual Report)

BALANCE SHEET DATA		1/1/05	12/31/05	Average	
1	Intangible Plant	NDM	NDM	NDM	②
2	Land and Land Rights	NDM	NDM	NDM	②
3	Depreciable Plant	NDM	NDM	NDM	②
4	Gross Plant in Service	609,226	609,226	609,226	③
5	Less: Accumulated Depreciation	609,226	609,226	609,226	③
6	Net Water Plant in Service	106,614	121,844	121,844	③
7	Water Plant Held for Future Use	502,611	487,382	487,382	③
8	Construction Work in Progress	0	0	0	
9	Materials and Supplies	0	0	0	
10	Less: Advances for Construction	0	0	0	
11	Less: Contribution in Aid of Construction	(0)	(0)	(0)	
12	Less: Accumulated Deferred Income and Investment Tax Credits	(0)	(0)	(0)	
13	Net Plant Investment	502,611	487,382	487,382	③
CAPITALIZATION					
14	Common Stock			N/A	②
15	Proprietary Capital (Individual or Partnership)				
16	Paid-in Capital				
17	Retained Earnings				
18	Common Stock and Equity (Lines 14 through 17)				
19	Preferred Stock				
20	Long-Term Debt				
21	Notes Payable				
22	Total Capitalization (Lines 18 through 21)			N/A	②

(Revised 2/01)

SELECTED FINANCIAL DATA - CLASS A, B, C AND D WATER COMPANIES

20 05
(continued)

NAME OF UTILITY Union Pacific Railroad PHONE (916) 789-6222
Company, Keene Water System

INCOME STATEMENT

	Annual Amount	
23 Unmetered Water Revenue	0	
24 Fire Protection Revenue	0	
25 Irrigation Revenue	0	
26 Metered Water Revenue	0	
27 Total Operating Revenue	13,798	①
28 Operating Expenses	13,798	
29 Depreciation Expense (Composite Rate _____)	247,274	
30 Amortization and Property Losses	15,230	
31 Property Taxes	NON	③
32 Taxes Other Than Income Taxes	NON	④
33 Total Operating Revenue Deduction Before Taxes	NON	
34 California Corp. Franchise Tax	262,504	
35 Federal Corporate Income Tax	NON	⑤
36 Total Operating Revenue Deduction After Taxes	NON	⑥
37 Net Operating Income (Loss) - California Water Operations	262,504	
38 Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	(248,706)	
39 Income Available for Fixed Charges	NON	
40 Interest Expense	-	⑦
41 Net Income (Loss) Before Dividends	-	
42 Preferred Stock Dividends	-	
43 Net Income (Loss) Available for Common Stock	(248,706)	
OTHER DATA		
44 Refunds of Advances for Construction	0	
45 Total Payroll Charged to Operating Expenses	85,690	
46 Purchased Water	96,182	
47 Power	6,000	

Active Service Connections (Exc. Fire Protect.) _____

48 Metered Service Connections - ①

49 Flat Rate Service Connections

50 Total Active Service Connections - ①

	Jan. 1	Dec. 31	Annual Average
	7	7	7
	7	7	7

**CLASS B, C AND D WATER COMPANIES
SAFE DRINKING WATER BOND ACT DATA**

Please provide the following information relating to each Safe Drinking Water Bond Act (SDWBA) loan outstanding during the 12 month reporting period. (Use one sheet for each loan.)

1. Current Fiscal Agent:

Name: N/A
 Address: _____
 Phone Number: _____
 Date Hired: _____

2. Former Fiscal Agent:

Name: N/A
 Address: _____
 Phone Number: _____
 Date Hired: _____

3. Total surcharge collected from customers during the 12 month reporting period:

\$ N/A

4. Summary of the trust bank account activities showing:

Balance at beginning of year	\$ 0	②
Deposits during the year	0	
Withdrawals made for loan payments	0	
Other withdrawals from this account	0	
Balance at end of year	0	②

5. Account information:

Bank Name: N/A ②
 Account Number: _____
 Date Opened: _____

6. Plant amounts included in Schedule A, Account No. 101--Water Plant in Service which were funded using SDWBA funds: *Not Applicable*

Line No.	Acct. No.	Title of Account (a)	Balance Beginning of Year (b)	Plant Additions During Year (c)	Plant Retirements During Year (d)	Other Debits* or (Credits) (e)	Balance End of Year (f)
1		NON-DEPRECIABLE PLANT					
2	301	Intangible plant					N/A
3	303	Land					
4		Total non-depreciable plant					
5		DEPRECIABLE PLANT					
6	304	Structures					
7	307	Wells					
8	317	Other water source plant					
9	311	Pumping equipment					
10	320	Water treatment plant					
11	330	Reservoirs, tanks and sandpipes					
12	331	Water mains					
13	333	Services and meter installations					
14	334	Meters					
15	335	Hydrants					
16	339	Other equipment					
17	340	Office furniture and equipment					
18	341	Transportation equipment					
19		Total depreciable plant					
20		Total water plant in service					N/A

SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2025)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service (3)	609,226	201	Common Stock (Corporations only)	N/A (2)
2	103	Water plant held for future use	0	211	Other paid-in capital (Corporations only)	
3	104	Water plant purchased or sold	0	215	Retained earnings	
4	105	Water plant construction work in progress	0	218	Proprietary capital	
5	108	Accumulated depreciation of water plant (3)	121,944	224	Long term debt	
6	114	Water plant acquisition adjustments	0		Current Liabilities	
7	124	Other investments	6	252	Advances for construction	
8	131	Cash	0	253	Other deferred credits	
9	141	Accounts receivable - customers	0	255	Accumulated deferred investment tax credits	
10	142	Receivables from associated companies	0	282	Accumulated deferred income taxes - Acrs	
11	151	Materials and supplies	0		depreciation	
12	174	Other current assets	0	283	Accumulated deferred income taxes - other	
13	180	Deferred charges	0	271	Contributions in aid of construction	
14				272	Accumulated amortization of contributions	
15		Total Assets (3)	488,332		Total Equity and Liabilities	N/A (2)

SCHEDULE B - WATER PLANT IN SERVICE

Line	Acct	Title of Account	Balance Beg of Year	Plt Additions During year	Plt Retirements During year	Other Debits or (Credits)	Balance End of year
16	301	Intangible plant	NA	N/A	N/A	N/A	N/A (2)
17	303	Land					
18	304	Structures					
19	307	Wells					
20	317	Other water source plant					
21	311	Pumping equipment					
22	320	Water treatment plant					
23	330	Reservoirs tanks and sandpipes					
24	331	Water mains	502,611	0	0	(15,230)	488,332 (5)
25	333	Services and meter installations	N/A	NA	N/A	N/A	N/A (2)
26	334	Meters					
27	335	Hydrants					
28	339	Other equipment					
29	340	Office furniture and equipment					
30	341	Transportation equipment					
31		Total water plant in service	502,611	0	0	(15,230)	488,332

* Debit or credit entries should be explained by footnotes or supplementary schedules

SCHEDULE C - RESERVE FOR DEPRECIATION OF UTILITY PLANT

Line	Item	Account 106 Water Plant	Account 106.1 SDWBA Loans	
32	Balance in reserves at beginning of year (3)	106,614		A. Method used to compute depreciation expense (Acct. 403) and rate.
33	Add: Credits to reserves during year (3)	15,230		straight line - 30yr
34	(a) Charged to Account No. 403			
35	(b) Charged to Account No. 272			
36	(c) Charged to clearing accounts			
37	(d) Salvage recovered			B. Amount of depreciation expense claimed or to be claimed on utility property in your federal income tax return for the year covered by this report \$
38	(e) All other credits			
39	Total credits			
40	Deduct: Debits to reserves during year			
41	(a) Book cost of property retired			
42	(b) Cost of removal			
43	(c) All other debits			C. State method used to compute tax depreciation.
44	Total debits			
45	Balance in reserve at end of year (3)	121,944		
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			

Line

SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 200x)

1	Common - (Shares	\$	par)			List persons owning more than 5% of outstanding stock and number of shares owned by each:
2	Preferred - (Shares	\$	par)			
3	Dividends - Common	Rate - \$				
4	- Preferred	Rate - \$			N/A - (2)	

SCHEDULE E - LONG TERM DEBT

	Class	Date of Issue	Date of Maturity	Principal Amount Authorized	Outstanding Per Balance Sheet	Rate of Interest	Interest Accrued During Year	Interest Paid During Year
5	N/A (2)							
6								
7								
8	Totals							

SCHEDULE F - INCOME STATEMENT

9	Operating revenues	XXXXXXXXXX
10	460 Unmetered water revenue	
11	462 Fire protection revenue	
12	465 Irrigation revenue	
13	470 Metered water revenue	13,798
14	480 Other water revenue	
15	Total Operating Revenue	13,798
16	Operating revenue deductions	XXXXXXXXXX
17	Operating expenses	XXXXXXXXXX
18	610 Purchased water	96,192
19	615 Power	6,200
20	618 Other volume related expenses	12,140
21	630 Employee labor	88,690
22	640 Materials	11,003
23	650 Contract work - water testing	656
24	660 Transportation expenses	12,000
25	664 Other plant maintenance expense (2)	non
26	670 Office salaries (2)	non
27	671 Management salaries (2)	non
28	674 Employee pensions and benefits	incl
29	676 Uncollectible accounts expense	15,814
30	678 Office services and rentals (2)	non
31	681 Office supplies and expense (2)	non
32	682 Professional services (2)	non
33	684 Insurance (2)	non
34	688 Regulatory commission expense	4787
35	689 General expenses (2)	non
36	Total Operating Expenses	247,274
37	403 Depreciation expense	15,230
38	407 SDWBA loan amortization expense	
39	408 Taxes other than income taxes	
40	409 State corporate income tax expense	
41	410 Federal corporate income tax expense	
42	Total Operating Revenue Deductions	262,504
43	Utility Operating Income	13,798
44	421 Non-utility income	
45	426 Miscellaneous non-utility expense	
46	427 Interest expense	
47	Net Income	Loss (124,706)

SCHEDULE G - SOURCES OF SUPPLY AND WATER DEVELOPED WELLS

Location	No.	Diam. Inch	Depth to water feet	Pumping capacity (g.p.m.)	Annual quantities pumped
Keene, CA	2	6 1/2	80'	30	4,590,100
Keene, CA	3	6 1/2	70'	8	976,950
Keene, CA	4	6 1/2	120'	10	907,476

OTHER

Streams or springs location of diversion point	Flow in (Unit)		Annual quantities diverted (Unit)	
	Priority right	Diversions		
N/A	Claim	Capacity	Max	Min
Purchased water (unit) Callons				
Supplier: Union Pacific Railroad Company			Annual quantity	954,000

SCHEDULE H - OPTIONAL WATER DELIVERED TO METERED CUSTOMERS (If figures are available) (specify unit)

Classification of service	Max. mo. Mo. of	Min. mo. Mo. of	Total for year
Residential & business	Aug	Jan	6,712,140 gals
Industrial			
Public authorities	June	Apr	757,900 gals
Irrigation			
Other (specify)			
Total			7,470,040 gals

SCHEDULE I - EMPLOYEES AND THEIR COMPENSATION

Line	Acct	Account	Number at end of year	Salaries Charged to Expense	Salaries Charged to Plant Accounts	Total Salaries and Wages Paid
48	630	Employee Labor	1	88,690	0	88,690
49	670	Office salaries (2)	non	non	non	non
50	671	Management salaries (2)	non	non	non	non
51		Total	1	88,690	0	88,690

SCHEDULE J - ADVANCES FOR CONSTRUCTION

Balance beginning of year	None
Additions during year	
Subtotal - Beginning balance plus additions during year	
Refunds	
Transfers to Acct. 271 - Contributions in Aid of Construction	
Balance end of year	None

SCHEDULE K - TOTAL METERS AND SERVICES (active and inactive)

Size	Meters	Services
5/8 x 3/4-in		
3/4-in	3	3
1-in		
2-in ①	4	4
-in		
Total ①	7	7

SCHEDULE L - METER-TESTING DATA

Number of meters tested during year	
1 Used, before repair...	6
2 Used, after repair	6
3 Fast, requiring refund	6
Numbers of meters in service requiring test per General Order No. 103 ... 7	

SCHEDULE M - SERVICE CONNECTIONS AT END OF YEAR

Classification	Active			Inactive			Total connections	
	Metered	Flat	Total	Metered	Flat	Total	Metered	Flat
Residences ①	6		6	0		0	6	
Industrial								
Other (specify) <u>public sewer</u>	1		1	0		0	1	
Subtotal	7		7	0		0	7	
Fire protection (Hydrants)	0		0	0		0	0	
Total	7		7	0		0	7	

NOTE: Total connections (metered plus flat) should agree with total services in Schedule K.

SCHEDULE N - STORAGE FACILITIES

SCHEDULE O - FOOTAGES OF PIPE (EXCLUDING SERVICE PIPES)

Description	No.	Combined capacity in gallons	Description	Footage				Totals
				2" and under	2 1/4 to 3 1/4	4"	6" Other sizes (specify)	
Concrete			Cast iron					
Earth			Welded steel					
Wood			Standard screw					
Steel	2	50,000	Cement-asbestos					
Other			Plastic	1656'	1056'	1620'	35,376	54,456'
			Other (specify)					
Total	2	50,000	Total					54,456'

DECLARATION

(BEFORE SIGNING PLEASE CHECK TO SEE THAT ALL SCHEDULES HAVE BEEN COMPLETED)

I, the undersigned (officer, partner or owner) of Union Pacific Railroad (Name of utility), under penalty of perjury do declare that this report has been prepared by me, or under my direction, from the books, papers and records of the respondent; that I have carefully examined the same, and declare the same to be a complete and correct statement of the business and affairs of the above-named respondent and the operations of its property for the period

From and including January 1, 2005, to and including December 31, 2005

Signature: [Signature]
 Title: Regional Environmental Counsel
 Date: 5/26/06